

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7158**

**BILL NUMBER: SB 427**

**NOTE PREPARED: Feb 17, 2015**

**BILL AMENDED:**

**SUBJECT:** Distributions of Public Safety Income Tax Revenue.

**FIRST AUTHOR:** Sen. Niemeyer

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides for mandatory distributions of public safety local option income tax (LOIT) revenue to the eligible civil taxing units of an adopting county, which includes the adopting county, the cities and towns of the adopting county, and other civil taxing units of the adopting county that provide fire protection or emergency medical services (EMS). It eliminates an obsolete petition procedure in current law that applies to fire departments, volunteer fire departments, and EMS providers in unincorporated areas of an adopting county that seek a discretionary distribution of public safety LOIT revenue.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Department of Local Government Finance (DLGF):* The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Summary* - Counties, cities, and towns that currently receive public safety LOIT revenue will likely have their distribution reduced, and other civil taxing units within an adopting county that operate a fire department, volunteer fire department, or an EMS provider will begin receiving a distribution of public safety LOIT revenue. The exact changes in LOIT distributions are indeterminable, but in some cases a civil taxing unit already receiving a public safety LOIT distribution could experience up

to a 50% reduction in associated revenue. The additional distributions will begin in FY 2016.

[The bill will not change the total public safety LOIT certified distribution an adopting county will receive.]

***Additional Information*** - Currently, when a county imposes a public safety LOIT, the associated revenue is distributed between the county and the cities and towns within the county that provide at least one public safety service. Other civil taxing units that operate a fire department, volunteer fire department, or an EMS provider could request a portion of the public safety LOIT certified distribution, but the distribution is not required. This bill changes the distribution of the public safety LOIT revenue within a county. It makes the public safety LOIT distribution mandatory for other civil taxing units (townships and fire districts) that provide the eligible public safety services.

As of September 30, 2014, 27 counties impose a public safety LOIT. The total CY 2015 certified distribution of public safety LOIT revenue is \$154.8 M. According to the DLGF, the public safety LOIT revenue is currently distributed to 216 civil taxing units. The bill could expand the distribution to include another 278 civil taxing units. Townships that provide fire and EMS services and special fire districts would begin to receive distributions of public safety LOIT revenue while the revenue distributions to counties, cities, and towns that provide public safety services would be reduced.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Civil taxing units in counties that impose of LOIT for public safety.

**Information Sources:** DLGF, Indiana Gateway for Government Units, Annual Financial Reports, accessed on October 27, 2014; DLGF, Indiana Gateway for Government Units, Budgets, accessed on October 27, 2014. DLGF, 2015 Official COIT Public Safety Report, 10/20/2014; 2015 Official CAGIT Public Safety Report, 10/20/2014.

**Fiscal Analyst:** Heath Holloway, 232-9867.